

**RESEARCH CENTERS**

- CAPS Research:  
Center for Strategic  
Supply Research
- Center for Advancing  
Business Through  
Information Technology
- Center for Competitiveness  
and Prosperity Research
- Center for Environmental  
Economics and  
Sustainability Policy
- Center for Executive  
and Professional  
Development
- Center for Real Estate  
Research and Practice
- Center for Services Leadership
- JPMorgan Chase Economic  
Outlook Center
- Spirit of Enterprise Center

February 26, 2015

Ms. Nancy Rumrill  
U.S. Environmental Protection Agency, Region 9  
Drinking Water Protection Section, Mail Code WTR-3-2  
75 Hawthorne Street  
San Francisco, CA 94105

Dear Ms. Rumrill

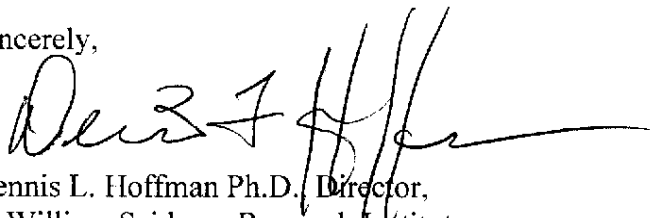
In 2012 a research team at the Seidman Institute examined the economic and financial potential of the Florence Copper Project.

A year ago, the financial and economic impact numbers were revised to incorporate the latest estimates of the ore load and updated estimates of both the cost of production and expected output over the 30-year life of the mine. The project offers considerable opportunities for the State and the region with economic benefits and tax revenues for the State estimated at \$3.35 billion and \$468 million respectively. Importantly the undertaking will help expand the export base of the State resulting in the needed flow of dollars into the region and the State. It is these dollars that support the development of local businesses and the resulting employment throughout the region and the State. And it is a principle of regional economics that economic prosperity is directly linked to the health and well-being of the State's basic industries. Indeed, without a strong export base we would be unable sustain our retail, personal services, and home building/local construction activities.

While our work is focused exclusively on the economic and financial benefits of an on-going copper operations of the Florence Copper Project over the planned 30 year life of the project, it has always been our understanding that appropriate Local, State and Federal agencies would carefully review the environmental impacts of the mine and operations would commence once that review was completed. While the timeline may vary from the production schedule we originally examined, the order of magnitude of our findings is unaltered.

The mining industry has meant a great deal to the State of Arizona with much of the early economic history of the State tied to the mining activity. In later decades the massive domestic in-migration of people fueled growth as aero-space defense and semi-conductor manufacturing joined mining as Arizona's important export base drivers. In the past 7 years growth of the export base of the State has slowed markedly and as a result, domestic in-migration no longer sustains construction. As we wait for these old dynamics to regain traction it makes good sense to go back to our roots and make good use of mining and extraction industries that now offer the potential for 21<sup>st</sup> Century highly efficient, non-invasive mining operations. Our research on the Florence Copper Project provides a case study of the magnitude of economic returns that will accrue from this particular export base industry strategy.

Sincerely,



Dennis L. Hoffman Ph.D., Director,  
L. William Seidman Research Institute  
Professor and Dean's Council of 100 Distinguished Scholar,  
Department of Economics  
W. P. Carey School of Business  
Arizona State University



Eva Madly  
Research Economist  
L. William Seidman Research Institute  
W. P. Carey School of Business  
Arizona State University